

COMMUNITY DEVELOPMENT CORPORATION GRANT PROGRAM

FY 2006 Guidelines and Application

(This application covers the period of July 1, 2005 to June 30, 2006)

Applications Due Friday, April 22, 2005

SPECIAL OPPORTUNITY GRANT



301 West High Street, Room 770

P.O. Box 118

Jefferson City, MO 65102

Phone: (573) 522-8004

www.ded.mo.gov

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INTRODUCTION

The Community Development Corporation Grant Program (CDCGP) offers grants to Community Development Corporations (CDC) to administer innovative and creative projects that are focused towards helping underserved and hard to reach persons (low-to-moderate income - LMI) within a specifically defined area, neighborhood, or jurisdiction.

The CDCGP is part of the Community Development Division of the Missouri Department of Economic Development (DED).

Community Development Corporation Grant Program
West High Street, Room 770

P.O. Box 118
Jefferson City, Missouri 65102
(573) 522-8004
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This booklet is written to supply you with information needed:

- to understand the Community Development Corporation Grant Program;
- to determine if this program will fit the needs of your project;
- to determine if your organization is eligible; and
- to provide assistance to complete the application.

The booklet is divided in two Sections: the GUIDELINES and the APPLICATION.

In order to assist you with filling out your application, the Community Development Grant Corporation Program will be holding an application workshop on April 1, 2005 in Jefferson City. If you are interested in attending the session, please contact us at 573-522-8004 to make your reservation by Friday, March 18, 2005.

GUIDELINES

DESCRIPTION OF THE COMMUNITY DEVELOPMENT CORPORATION GRANT PROGRAM

The type of grant available for this round of funding is the special opportunity grant. The special opportunity grant is established for the purpose of providing funds to implement a specific project or program, which must be carried out and completed within the time frame offered for this grant cycle. The grant cycle for this year is from July 1, 2005 to June 30, 2006.

The CDCGP seeks to fund those projects designed to encourage communities to work together to strategically redevelop economically depressed areas by developing affordable housing, providing vital social services, providing momentum for business development for minority and small businesses, eliminating blighted neighborhoods, creating jobs, and assisting in job placement/retention. **All projects should be designed to directly benefit low and moderate-income persons and families (LMI).**

The CDCGP accepts applications for projects that are either:

- New projects or programs offered by the CDC; or
- Expanded projects or programs offered by the CDC.

The maximum grant amount is \$75,000.

The CDCGP is:

- **A competitive process** – applicants will compete for limited funds;
- Designed to encourage steps toward self-sufficiency – applicants are encouraged to design programs that both meet the needs of their communities, but also create avenues to allow their own organizational stabilization;
- Designed to leverage and encourage additional funds;
- Designed to fund projects that effectively address the need;
- Designed to encourage collaboration and partnerships;
- Designed to create the direct involvement of the targeted community; and
- Results oriented and outcome based.

The 2006 CDCGP application must be postmarked no later than Friday, April 22, 2005. Additional details are found in the section titled PREPARING THE APPLICATION of the Guidelines.

ELIGIBILITY REQUIREMENTS OF A COMMUNITY DEVELOPMENT CORPORATION

Only applications meeting the following criteria will be considered for funding from this program. Please take the time to carefully determine if your organization qualifies before expending the energy necessary to apply for a grant. If you do not meet all of these requirements, most likely you will not be eligible for this program.

A CDC, as defined in RsMO 135.400, subsection (3), is "*a not-for-profit corporation whose board of directors is composed of business, civic and community leaders, which organization's primary purpose is to encourage and promote the industrial, economic, entrepreneurial, commercial and civic development or redevelopment of a community or area, including the provision of housing and community economic development projects that benefit low-income individuals (LMI) and communities.*"

The CDCGP recognizes those private nonprofit organizations that provide programming to address the community's needs: affordable housing, job development, and commercial revitalization.

To participate in the CDCGP, applicants must maintain the following:

- ☒ Private, nonprofit, community-based organization, registered to do business in the State of Missouri, in good standing.
- ☒ 501(c)(3) designated/granted tax-exempt status by the IRS.
- ☒ A recognized community development corporation as defined by RsMO 135.400, subsection (3), and according to the definition listed below outlined by the Department of Economic Development.
- ☒ A community-based organization whose commitment to improving community economic development is stated in their purpose of the articles of incorporation and bylaws. The principal aims of the CDC must be to encourage and promote the industrial, economic, entrepreneurial, commercial, and civic development or redevelopment of a community or area, including the provision of housing and community economic development projects that benefit low and moderate income individuals and communities.
- ☒ The majority of the members of the governing body of the CDC must reside in the CDC's area of geographic focus or own and operate a business in the area. It must be a locally controlled Board of Directors who assumes all administrative responsibility.
- ☒ Faith-based CDCs qualify if the following conditions are met: 1) one church or one person does not have the authority to appoint more than half of the Board of Directors; 2) customers who wish to participate in the program offered by the faith-based CDC are not required to participate in worship services or activities; 3) the faith-

based CDC is incorporated under the provisions of Chapter 355 RsMo separately from the church (not for religious purposes), and holds a 501(c)(3) ruling from the IRS separate from the church.

- ☒ Community Action Agencies incorporated as a CDC (meeting definitions above).
- ☒ Community Action Agencies recognized as a certified Community Housing Development Organization (CHDO).

ORGANIZATIONS NOT ELIGIBLE TO APPLY TO THE CDCGP

- ✗ Main Street organizations
- ✗ Units of government (political subdivisions, quasi-governments) and affiliated organizations under their direct supervision or control (ex. authority to appoint 51% of the Board)
- ✗ Community Action Agencies that are not incorporated as a CDC
- ✗ Community Action Agencies that are not recognized as a certified Community Housing Development Organization (CHDO)
- ✗ Primary health care facilities
- ✗ Organizations with IRS rulings other than 501(c)(3)
- ✗ Partisan organizations
- ✗ Organizations that do not meet the full requirements of a CDC (e.g., if an organization only provides childcare or only provides job training, those organizations do not encompass all of the requirements outlined on page 4 and will not be considered a CDC)

ELIGIBLE PROJECT CATEGORIES

A project, as defined in RsMO 135.400, subsection (11), is *"any commercial or industrial business or other economic development activity undertaken in a target area, designed to reduce conditions of blight, unemployment or widespread reliance on public assistance which creates permanent primary employment opportunities."*

An applicant may define their project as any one activity from any one category below or may select multiple activities from within or among the three categories below. The latter will be considered a multi-purpose application. Activities within a multi-purpose application must show the relationship of the activities and prove the need for each from within the community.

1. ECONOMIC DEVELOPMENT PROJECTS

There are three types of eligible economic development projects:

1. CDC owned and operated commercial development or redevelopment within the CDC jurisdiction or target area for the purpose of creating jobs locally.
2. CDC owned and operated incubators, which promote the startup and growth of local entrepreneurs and businesses for the purpose of creating jobs locally. Incubator projects must be designed to offer affordable physical space and support, business management services, and technical assistance at a cost effective rate.
3. CDC operated microenterprise loan programs created for the purpose of creating jobs locally. The CDC must operate a revolving loan program which includes, at a minimum, creation of a loan application, loan documents, establishment of a loan review board, and capacity to collect and service the loans. Written underwriting criteria including interest rates, loan terms, minimum and maximum loan amounts, loan amounts per new job created or retained, collateral, collection, and default procedures must be included with the application. Microenterprise, by definition, is a business with 5 or fewer employees.

2. HOUSING PROJECTS

There are three types of eligible housing projects:

1. New Construction
 - a. Single family owner occupied (homes owned and occupied by LMI)
 - b. Single family renter occupied (homes owned by CDC, occupied by LMI)
 - c. Multi-family (owned by CDC, occupied by LMI)
2. Rehabilitation
 - a. Single family owner occupied (owned and occupied by LMI)
 - b. Single family renter occupied (owned privately, occupied by LMI, owner must participate financially in rehabilitation and offer 5-year affordable rent control)
 - c. Multi-family (owned privately, occupied by LMI, owner must participate financially in rehabilitation and offer 5-year affordable rent control)
3. Down Payment Assistance
 - a. Benefit may not exceed 50% of the required down payment

- b. Closing costs are eligible
- c. Homes purchased must meet local codes
- d. Recipients must be LMI
- e. Mortgage lender must be HUD approved

Each project must be able to provide safe, decent, and affordable housing to low-to-moderate income persons. Affordable rents are at or less than HUD Fair Market Rents for comparable units. New construction and rehabilitation must follow local codes. The renters of a rehabbed or new dwelling may be low and moderate-income in order to allow eligibility, but the program must describe how the landlord will participate in the rehabilitation (financially), and the affordable rent controls must be affixed to the properties for a period of 5 years.

3. HUMAN SERVICES PROJECTS

There are two types of eligible human services projects:

1. Job Training/Placement
2. Credit Counseling And Budget Counseling

A job training/placement project is one that can provide the underemployed and unemployed with the educational and life skills necessary to secure beneficial employment and improve their quality of life. These may include obtaining G.E.D., workforce development/preparation, and skills building.

Credit counseling should incorporate the participation of HUD approved counseling agencies. Budget counseling may be provided by the CDC staff with an appropriate curriculum established.

INELIGIBLE PROJECTS AND USE OF FUNDS

- ✗ Direct grants to homeowners
- ✗ Direct grants to private businesses
- ✗ Monuments or memorials
- ✗ Long-term residential care and nursing home facilities
- ✗ Contributions/Donations
- ✗ Fixed and/or permanent improvements owned or maintained by a governmental entity
- ✗ Food pantries
- ✗ Primary healthcare programs (day-to-day operations of a hospital and/or medical treatment or care)
- ✗ Endowment funds

OUTCOME BASED FUNDING

The Department has initiated a strategic planning process, which extends to many of the grant, loan, and tax credit programs that it administers. The CDCGP is an outcome based program and as a result, each applicant will be required to track specific outcomes that can be measured to determine success.

Outcomes are the desired impact or result on a person. Applicants will be required to state the number of project beneficiaries that they estimate will achieve each outcome. (Grantees will also be required to provide actual numbers of beneficiaries that achieve each outcome in the course of their project.) The estimates will be presented by quarter over the project year (or twice over the 6 month period if applicable). (Grantees will report actual numbers at project closeout.) To simplify the process, the following list is provided.

For each category under which you apply, these outcomes represent the minimum tracking information that will need to be kept by the CDC. Applicants are allowed to add any outcomes of their own to track if they desire.

Economic Development – Commercial Development Or Redevelopment:

- Number of new or retained jobs filled by target audience
- Number of new or renovated facilities

Economic Development – Incubator:

- Number of new or retained jobs filled by target audience
- Number of new or renovated facilities

Economic Development – Micro-loan Program

- Number of new or retained jobs filled by target audience

Housing – New Construction

- Number of new affordable units developed
- Number of new persons in target audience in new units

Housing – Rehabilitation

- Number of units rehabilitated
- Number of persons in target audience in rehabbed units

Housing – Down Payment Assistance

- Number of persons in target audience becoming homeowners

Human Services – Job Training/Placement

- Number of persons in target audience obtaining a life skill
- Number of persons in target audience being placed in new job

Human Services – Credit counseling and budgeting

- Number of persons in target audience obtaining a life skill

APPLICATION REVIEW PROCESS

Applications postmarked or received in this office on April 22, 2005 will go through a three – part review process:

1. **Initial Screening**- this will determine if the organization is eligible (organized as a Community Development Corporation) and the application is complete. The initial screening ensures that all required FORMS and ATTACHMENTS are included with the application. If not, the application is automatically disqualified. A checklist of the required contents of the application is available in the PREPARING THE APPLICATION section of the GUIDELINES.
2. **Individual Review**- the applications are reviewed independently by two members of the Review Committee. A rating system is used to determine if the application is complete and clear. The two scores are averaged and compared to other applicant scores. If there is a difference of scoring between the two viewers of more than 10 points, then the application is reviewed by a third party and the three scores are averaged. If the application rates high enough, it will proceed to the final review process phase.
3. **Committee Review**- the higher scoring applications are evaluated by the Review Committee. Telephone interviews are conducted with the applicants to allow clarification and gain any additional information necessary to complete the review process. Recommendations will then be made and finalized.

APPLICATION SCORING

Applications will be scored on a 100-point scale. The questions found in the **NARRATIVE – ALL PROJECTS – FORM B** questions 1-9 are worth up to 4 points each and questions 10-16 are worth up to 2 points each for a total of 50 points.

The remaining points available (up to 50 points) will be scored on the following criteria. The criteria are applicable to all application categories and all combinations of those application categories.

Strategy to address the need 12 points

- Degree that strategy directly impacts need (3)
- Best alternative to solution (3)
- Consistency with category rules (2)
- Ability to succeed (4)

Impact 12 points

- Percentage impact on service area (3)
- Cost effective/cost per beneficiary (3)
- Degree that project provides sustainability to organization (3)
- Degree that project provides sustainability to beneficiaries (3)

Project Readiness 14 points

- Key partners in place (4)
- Operational capacity (experience and expertise) (3)
- Ability to proceed (site control, etc.) (4)
- Marketing and communication plan established (3)

Financing 12 points

- Leveraging of other funds (3)
- Degree of fund commitments (4)
- Sound justification of use of funds (3)
- Organizational capacity (2)

APPLICATION SCORING CRITERIA - A complete application is essential.

Each application submitted by the deadline will be reviewed for complete content of material. The following represents the action taken in the event any of the requirements listed are not met. The actions may take the form of disqualification of the application for this fiscal year or point deduction.

ACTION		Requirements
Ineligible		Missing original signatures or wrong person signing forms
Ineligible		Missing or incomplete Form F
Ineligible		Previously funded project not closed out by the end of the fiscal year
5		Missing or incomplete Forms A through E, G, H (per form)
5		Missing or incomplete Attachments 1 through 6 (per form)
5		Previously funded project not meeting performance targets outlined in the proposal
4		Same project funded for 2 years or more.
4		Project indicates less than 60% CDCGP funds are requested for direct expenses.
1		Missing required copy of application

PREPARING THE APPLICATION

Please propose your project in your application in a concise and clear manner. Answer all questions completely and respond and submit all FORMS and ATTACHMENTS.

Submit:

- ☒ One original (with original signatures) **and** one complete copy of the APPLICATION to:

Missouri Department of Economic Development
Community Development Corporation Program
301 West High Street, Room 770
PO Box 118
Jefferson City, MO 65102

- ☒ Keep a copy of the APPLICATION and ATTACHMENTS for your own records.

Limits:

- ☒ An organization may submit only **one application** for this current round of funding.

Deadlines:

- ☒ The application must be postmarked no later than Friday, April 22, 2005. It is recommended that you send your application return receipt or registered mail. Be aware that certain letter carriers do not print the postmark date on the package.
- ☒ All hand-carried applications must be delivered to the CDCGP office at 770 Truman Building, Jefferson City, Missouri no later than 5:00 p.m. Friday, April 22, 2005. Proof of Delivery receipts must be obtained from Community Development for all hand carried applications.

Acceptable Formats:

- ☒ Applications must either be typewritten or computer-generated. Please use the forms provided to assemble your information. Forms are also available on the department's website at www.ded.mo.gov.
- ☒ Include all FORMS and all ATTACHMENTS in the order in which they are provided.
Staples, binder clips, or three-ring folders must bind the original application and the copy. **Do not submit the application and copy in a three-ring hard cover binder.**
- ☒ For the NARRATIVE questions, note the number of the question.

Unacceptable:

- ✗ Facsimile copies and e-mails of the application will not be accepted.
- ✗ Do not use font size or pitch smaller than 12 point.
- ✗ Do not use paper other than 8 ½ x 11 white to answer the questions.
- ✗ Letters of commitment must accompany the application. They may not be faxed in separately from the application. **All required attachments must be included with the application. If not, the application is automatically disqualified.**

APPLICATION CHECKLIST

Upon completing the application, carefully check this list to make sure you have not overlooked any of the required items.

- ☒ FORM A – Applicant Information
- ☒ FORM B – Narrative Questions – All Projects
- ☒ FORM C – Category Specific Narrative Questions
- ☒ FORM D – Budget
- ☒ FORM E – Budget Justification
- ☒ FORM F – Signature Authorization Form
- ☒ FORM G – Board Of Directors
- ☒ FORM H – Outcome Performance
- ☒ ATTACHMENT 1 – Letters Of Commitment
- ☒ ATTACHMENT 2 – Budget Pages
- ☒ ATTACHMENT 3 – Proof Of Not For Profit Status
- ☒ ATTACHMENT 4 – Map Of Project Area
- ☒ ATTACHMENT 5 – Articles Of Incorporation
- ☒ ATTACHMENT 6 – Bylaws

REMINDER

Carefully check your entire application to be sure you have not overlooked any required information or attachments. A checklist is being provided for this purpose. It is necessary for you to provide all documentation that the Department has requested in order for proper consideration to be given to your proposal. ***FAILURE TO SUBMIT ALL REQUIRED DOCUMENTATION WILL RESULT IN THE DISQUALIFICATION OF YOUR APPLICATION.*** Keep a copy of the entire completed application (including attachments) for your own records. The application must be postmarked no later than Friday, April 22, 2005. It is recommended that you send your application return receipt or registered mail.

Be aware that certain letter carriers do not print the postmark date on the package.